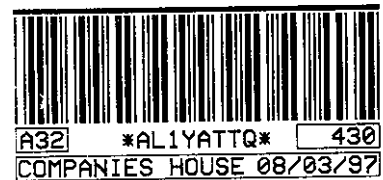


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KITEVALE LIMITED
Financial Statements 1996



KITEVALE LIMITED

Annual Report and Financial Statements for the year ended
29th September 1996

Contents

Page

1. Directors
 2. Report of the Directors
 5. Report of the Auditors
 6. Profit and loss account and statement of total recognised gains and losses
 7. Balance sheet
 8. Cash flow statement
 9. Accounting policies
 11. Notes forming part of the Financial Statements
-

Directors

J. Barnes
J.F. Mallinson
G.T. Parr

Secretary and registered office

R. Taylor
1 Water Street
Manchester.
M3 4JU

Auditors

Dale Pickard & Co.
Registered Auditors and Chartered
Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

Company Number

Company Number 2522705 (England and Wales)

KITEVALE LIMITED

Report of the Directors' for the year ended 29th September 1996

The directors present their report together with the audited financial statements for the year ended 29th September 1996.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors recommend that no final dividend be paid for the year.

Principal activities, trading review and future developments

The principal activity of the company continues to be Fish and Chip Restaurant and Takeaway Facility. The company operates a franchise area in the North West of England under the trading name "Harry Ramsden's".

The directors are satisfied with the results for the year and the financial position of the company at the year end, and expect the profitable trading to continue in the new financial year.

Fixed assets

Details of movements in fixed assets are set out in the notes to the financial statements.

In the opinion of the directors' the value of the company's freehold land and buildings is not materially different from the book value included in these financial statements.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

		Ordinary Shares of £1 each	
		1996	1995
		No.	No.
J. Barnes		-	-
J. F. Mallinson	*	174,900	174,900
G. T. Parr		158,470	158,470

* Including shares held by a connected company.

KITEVALE LIMITED

Report of the Directors' for the year ended 29th September 1996
(Continued....)

Directors (continued..)

Messrs. J. Barnes and G. T. Parr are also directors of Harry Ramsden's plc, which owns 34% of the ordinary shares of the Company.

Employment of Disabled Persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee Involvement

The flow of information to staff has been maintained by our staff newspaper. Management regularly visit branches and discuss with members of staff matters of current interest and concern to the business.

Auditors

Dale Pickard & Co. have expressed their willingness to continue in office, and a resolution to re-appoint them will be proposed at the next Annual General Meeting.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

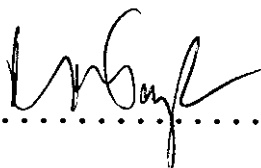
KITEVALE LIMITED

Report of the Directors' for the year ended 29th September 1996
(Continued....)

Statement of Directors' Responsibilities (continued...)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



.....
R. Taylor - Secretary

15th November 1996

KITEVALE LIMITED

Report of the Auditors to the Members of Kitevale Limited.

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 9.

Respective Responsibilities of the Directors and Auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

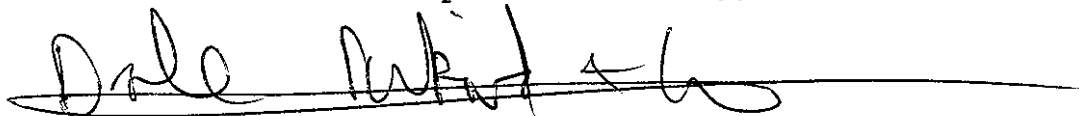
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 29th September 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dale Pickard & Co.
Registered Auditors and
Chartered Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

15th November 1996

KITEVALE LIMITED

Profit and Loss Account for the year ended 29th September 1996

	Note	29th September 1996 £	1st October 1995 £
Turnover	1	4,498,864	4,719,360
Cost of sales		2,636,124	2,658,054
Gross profit		1,862,740	2,061,306
Administrative costs		1,569,615	1,555,751
Operating profit		293,125	505,555
Interest receivable		47,244	26,425
		340,369	531,980
Interest payable	2	212,492	164,958
Profit on ordinary activities before taxation	3	127,877	367,022
Taxation	5	48,095	131,316
Profit on ordinary activities after taxation for the year		79,782	235,706
Dividend	6	-	136,369
Retained profits			
- for the year		79,782	99,337
- brought forward		818,292	718,955
		898,074	818,292

There were no recognised gains and losses other than those recognised in the profit and loss account.

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

KITEVALE LIMITED

Balance Sheet at 29th September 1996

	Note	1996	1995
		£	£
Fixed assets			
Intangible assets	7	312,487	350,120
Tangible assets	8	3,981,907	3,724,123
Investments	9	7,302	7,302
		<u>4,301,696</u>	<u>4,081,545</u>
Current assets			
Stocks	10	167,478	154,469
Debtors	11	156,862	149,063
Cash at bank and in hand		826,756	678,097
		<u>1,151,096</u>	<u>981,629</u>
Creditors			
Amounts falling due within one year	12	<u>2,776,246</u>	<u>2,383,752</u>
Net current liabilities		(1,625,150)	(1,402,123)
Total assets less current liabilities		2,676,546	2,679,422
Creditors			
Amounts falling due after more than one year	13	902,027	1,012,824
Provisions for liabilities and charges	14	346,445	318,306
		<u>1,248,472</u>	<u>1,331,130</u>
		<u>1,428,074</u>	<u>1,348,292</u>
Capital and reserves			
Called up share capital	15	530,000	530,000
Profit and loss account	17	898,074	818,292
		<u>1,428,074</u>	<u>1,348,292</u>

These financial statements were approved by the Board of Directors on 15th November 1996.

J. F. Mallinson

J. Barnes

)
) Directors
)

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

KITEVALE LIMITED

Cash Flow Statement for the year ended 29th September 1996

	Note	1996	1995
		£	£
Net cash inflow from operating activities	18	477,525	597,306
Returns on investments and servicing of finance			
Interest received		47,244	26,425
Interest paid		(212,492)	(164,958)
Dividends paid		-	(136,369)
Net cash outflow from returns on investments and servicing of finance		(165,248)	(274,902)
Taxation			
Corporation tax paid (including advance corporation tax)		(22,714)	(27,252)
		289,563	295,152
Investing activities			
Payments to acquire intangible fixed assets		-	(75,000)
Payments to acquire tangible fixed assets		(472,770)	(222,162)
Receipts from sales of tangible fixed assets		23,491	-
Purchase of investment		-	(2)
Net cash outflow from investing activities		(449,279)	(297,164)
Net cash outflow before financing		(159,716)	(2,012)
Financing			
Capital element of finance			
lease payments		(101,740)	(105,201)
Brewery Loan		(30,000)	126,250
Lease purchase agreement		21,580	-
Net cash (outflow)/inflow from financing		(110,160)	21,049
(Decrease)/Increase in cash and cash equivalents	19	(269,876)	19,037

KITEVALE LIMITED

Accounting policies

Basis of accounting

There have been no changes in accounting policy during the year.

The financial statements have been prepared under the historical cost convention, and include the results of the company's operations, all of which are continuing.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Freehold and long leasehold properties are not depreciated, it being company policy to maintain them to such a standard that the estimated residual value, based on prices prevailing at the time of acquisition or subsequent valuation, are at least equal to their book value. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets, except freehold and long leasehold properties over their expected useful lives. It is calculated on the original cost of the assets at the following rates :

Short leasehold improvements	Period of Lease
Plant and equipment	10.0%
Motor Vehicle	20.0%
Fixtures and fittings	10.0%
Computer	33.3%

Intangible assets

Pre-opening costs, categorised as pre-trading expenditure, are capitalised and amortised over a period of five years.

The franchise agreement, with associated legal costs, is capitalised and amortised over a period the lower of 21 years or the life of the franchise.

Stocks

Stocks are valued at the lower of cost and net realisable value.

KITEVALE LIMITED

Accounting policies (Continued).....

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor

All other leases are treated as "operating leases". Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
29th September 1996

1. Turnover and profits

Turnover and profits are generated within the United Kingdom from the one continuing activity of the company, fish and chip restaurant and takeaway.

2. Interest payable

Loans wholly repayable within five years.	1996	1995
	£	£
Bank loan, not by instalments	150,380	84,893
Lease interest, by instalments	18,930	30,741
ECSC Loan, not by instalments	23,238	35,840
	<hr/>	<hr/>
	192,548	151,474
Loans partly repayable after five years.		
Brewery loan, by instalments	19,944	13,484
	<hr/>	<hr/>
	212,492	164,958

3. Profit on ordinary activities before taxation

	1996	1995
	£	£
This is arrived at after charging:		
Amortisation	37,633	44,344
Depreciation of tangible fixed assets		
- owned by the company	113,057	94,546
- held under finance leases	52,805	52,805
Auditors' remuneration	8,500	8,500
Staff costs (note 4)	1,317,474	1,265,792
Loss on disposal of assets	25,634	4,314
Directors' emoluments (note 16)	22,622	14,466
Hire of plant and machinery	33,257	36,197

4. Employees

Staff costs consist of:	1996	1995
	£	£
Wages and salaries	1,225,815	1,178,466
Social security costs	82,161	81,464
Other pension costs	9,498	5,862
	<hr/>	<hr/>
	1,317,474	1,265,792

The average weekly number of employees during the year was as follows:

	1996	1995
	Number	Number
Part time	65	93
Full time	131	122

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
29th September 1996 (Continued...)

5. Taxation		1996	1995
		£	£
Based on profits for the year			
UK corporation tax at 24.5% (1995, 28%)			
current year		15,972	58,556
prior year		3,984	(89,652)
Deferred taxation			
current year		33,089	64,373
prior year		(4,950)	98,039
		<u>48,095</u>	<u>131,316</u>
6. Dividend		1996	1995
		£	£
Interim dividend paid		-	136,369
7. Intangible asset			
	Franchise Agreement	Pre-trading Expenditure	Total
	£	£	£
Cost			
At beginning of year	285,333	182,825	468,158
Additions	-	-	-
	<u>285,333</u>	<u>182,825</u>	<u>468,158</u>
At end of year	285,333	182,825	468,158
Amortisation			
At beginning of year	26,833	91,205	118,038
Charge for year	7,869	29,764	37,633
	<u>34,702</u>	<u>120,969</u>	<u>155,671</u>
At end of year	34,702	120,969	155,671
Net book value:			
At 29th September 1996	250,631	61,856	312,487
	<u>250,631</u>	<u>61,856</u>	<u>312,487</u>
At 1st October 1995	258,500	91,620	350,120
	<u>258,500</u>	<u>91,620</u>	<u>350,120</u>

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
29th September 1996 (Continued....)

8. Tangible assets

	Freehold Land and Buildings £	Long Leasehold Buildings £	Short Leasehold Improvements £	Equipment Fixtures & Fittings £	Total £
Cost					
At beginning of year	1,411,264	1,175,700	329,803	1,171,086	4,087,853
Additions	2,359	18,251	250,112	202,048	472,770
Disposals	-	-	-	(67,929)	(67,929)
At end of year	1,413,623	1,193,951	579,915	1,305,205	4,492,694
Depreciation					
At beginning of year	-	-	75,835	287,895	363,730
Charge for year	-	-	25,968	139,894	165,862
Disposals	-	-	-	(18,805)	(18,805)
At end of year	-	-	101,803	408,984	510,787
Net book value:					
At 29th September 1996	1,413,623	1,193,951	478,112	896,221	3,981,907
At 1st October 1995	1,411,264	1,175,700	253,968	883,191	3,724,123

The net book value of Plant and Equipment includes an amount of £364,709 (1995: £417,514) in respect of assets held under finance leases for which depreciation of £52,805 (1995: £52,805) has been charged during the year.

9. Investments

	1996 £	1995 £
Investments, at cost	7,302	7,302

The company has a minor holding in Cyberdrome Enterprises Limited and 20% of the ordinary shares in Design Exchange (Liverpool) Limited.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
29th September 1996 (Continued....)

10. Stocks	1996 £	1995 £
Goods for resale	64,974	63,708
Consumable stock	102,504	90,761
	<u>167,478</u>	<u>154,469</u>
	<u><u>167,478</u></u>	<u><u>154,469</u></u>
11. Debtors	1996	1995
	£	£
Trade debtors	18,217	7,896
Other debtors	62,280	66,187
Prepayments	76,365	74,980
	<u>156,862</u>	<u>149,063</u>
	<u><u>156,862</u></u>	<u><u>149,063</u></u>

All amounts shown under debtors fall due for payment within one year.

12. Creditors falling due within one year	1996 £	1995 £
Trade creditors	394,590	388,909
Other creditors	63,813	150,538
Creditors for taxation and social security	31,629	31,914
Value Added Tax	191,786	149,247
Bank overdraft	1,742,705	1,324,170
Brewery Loan (Note 13)	30,000	30,000
Obligations under finance leases (Note 13)	101,608	101,738
Accruals	197,641	182,772
Corporation Tax	21,706	24,464
Obligations under HP agreements	768	-
	<u>2,776,246</u>	<u>2,383,752</u>
	<u><u>2,776,246</u></u>	<u><u>2,383,752</u></u>

The bank overdraft is secured by a floating charge over the assets of the company.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 29th September 1996 (Continued....)

13. Creditors falling due after more than one year

	1996 £	1995 £
Brewery Loan	191,250	221,250
Obligations under finance leases	89,964	191,574
ECSC Loan	600,000	600,000
Obligations under lease purchase agreements	20,813	-
	<u>902,027</u>	<u>1,012,824</u>

Two Brewery Loans are outstanding at the year end. The first is for ten years, with monthly capital repayments of £1,250, expiring in July 2002. The second is also for 10 years with monthly capital repayments of £1,250 expiring in February 2005.

The finance leases are secured on the assets concerned. The future minimum payments to which the company is committed under finance leases are as follows:

	1996 £	1995 £
Within one year	128,005	128,214
Between one and two years	76,172	128,005
Between two and five years	38,001	114,173
	<u>242,178</u>	<u>370,392</u>
Interest included above	50,606	77,080
	<u>191,572</u>	<u>293,312</u>
	<u>101,608</u>	<u>101,738</u>
Obligations payable within one year		
	<u>89,964</u>	<u>191,574</u>
Obligations payable after one year		

The European Coal & Steel Community Loan (ECSC) is due to be repaid on 31st July 1998. The interest charged is 8.13% per annum, with a rebate depending on the number of jobs created. The loan is secured by a floating charge over the assets of the company.

14. Provision for liabilities and charges

	1996 Total potential liability and amount provided £	1995 Total potential liability and amount provided £
Deferred taxation		
Accelerated capital allowances	251,795	221,737
Other timing differences	94,650	96,569
	<u>346,445</u>	<u>318,306</u>

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended 29th September 1996 (Continued....)

15. Share capital	Authorised, Issued and fully paid	
	1996	1995
	£	£
Ordinary shares of £1 each	530,000	530,000
	<u> </u>	<u> </u>

16. Transactions with Directors

During the year the company purchased the following services at normal commercial terms, with the following connected companies:

	Harry Ramsden's plc	All Age Leisure Limited
	£	£
Management services	<u>315,173</u>	<u>12,768</u>

Mr J. Barnes and Mr G.T Parr are also directors of Harry Ramsden's plc, which itself owns 34% of the ordinary share capital of Kitevale Limited.

Mr J.F. Mallinson has a 100% interest in the ordinary share capital of All Age Leisure Limited.

17. Reconciliation of movement in shareholders funds	1996 £	1995 £
Profit for the year	79,782	235,706
Dividend	-	(136,369)
	<u> </u>	<u> </u>
Net addition for the year	79,782	99,337
Shareholders funds at beginning of year	818,292	718,955
	<u> </u>	<u> </u>
Shareholders funds at end of year end	<u>898,074</u>	<u>818,292</u>

18. Reconciliation of operating profit to net cash inflow from operations.	1996 £	1995 £
Operating profit	293,125	505,555
Depreciation charges	165,862	147,351
Amortisation charges	37,633	44,344
Increase in stocks	(13,009)	(10,791)
(Increase)/Decrease in debtors	(7,799)	107,171
(Decrease) in creditors	(23,921)	(200,638)
Loss on sale of assets	25,634	4,314
	<u> </u>	<u> </u>
	<u>477,525</u>	<u>597,306</u>

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
29th September 1996 (Continued....)

19. Analysis of changes in cash and cash equivalents during the year

	1996 £	1995 £
Balance at beginning of year	(646,073)	(665,110)
Net cash (outflow)/inflow	(269,876)	19,037
	<u> </u>	<u> </u>
Balance at end of year	(915,949)	(646,073)
	<u> </u>	<u> </u>

20. Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1996	1995	Change	1995	1994	Change
Cash at bank & in hand	826,756	678,097	148,659	678,097	258,638	419,459
Bank overdraft	(1,742,705)	(1,324,170)	(418,535)	(1,324,170)	(923,748)	(400,422)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(915,949)	(646,073)	(269,876)	(646,073)	(665,110)	19,037
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21. Analysis of changes in financing during the year

	Lease Purchase £	ECSC Loan £	Finance Leases £	Brewery Loan £	Total £
Balance at beginning of year	-	600,000	293,312	251,250	1,144,562
New agreements	21,580	-	-	-	21,580
Cash outflow	-	-	(101,740)	(30,000)	(131,740)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at end of year	21,580	600,000	191,572	221,250	1,034,402
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>